

## Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-10 ISO-00 CAB-02 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 TRSE-00  
SS-15 NSC-05 /054 R

DRAFTED BY EB/OA/AVP:GGGRIFFITHS:LR  
APPROVED BY EB/OA:MHSTYLES  
EB/OA/AVP:AJWHITE  
ARA/ECP:DTAHER  
CAB:CCOLDREN  
ARA/AND/V:WSERGEANT

-----110990 240102Z /73

R 231939Z MAR 78  
FM SECSTATE WASHDC  
TO AMEMBASSY CARACAS

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E.O. 11652: N/A

TAGS: EAIR, VE

SUBJECT: CIVIL AVIATION TALKS IN WASHINGTON

REF: CARACAS 2245

1. SUMMARY: TIRADO AND SUAREZ MET ON MARCH 1 AND 2  
WITH REPRESENTATIVES OF THE CAB, TREASURY, AND STATE  
WHILE ON WAY BACK TO CARACAS FROM MONTREAL. DISCUSSIONS  
CENTERED ON EXCESS BAGGAGE TARIFFS, PASSENGER TARIFF  
PROCEDURES, AND THE RECIPROCAL TAX AGREEMENT.  
REPORT ON TAX AGREEMENT DISCUSSIONS WILL FOLLOW IN SEPTTEL.  
DISCUSSION AT CAB ON TARIFF QUESTIONS CENTERED  
PRIMARILY ON PROCEDURAL MATTERS. IT BECAME APPARENT  
DURING DISCUSSIONS, HOWEVER, THAT GOV CONCERNS  
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OVER PROCEDURAL QUESTIONS MASKED MORE BASIC GOV  
CONCERNS OVER US FARES POLICY. END SUMMARY.

2. INFORMAL, TECHNICAL TALKS ON RATES AND TARIFFS  
PROCEDURES WERE HELD AT CAB ON MARCH 1 AND 2.  
PARTICIPATING WERE TIRADO, SUAREZ, VIASA REPS, AND  
EMBOFF ON GOV SIDE. US SIDE CONSISTED OF CAB TEAM

HEADED BY FRANK MURPHY, CHIEF, WESTERN HEMISPHERE, BUREAU OF INTERNATIONAL AVIATION, AND GENE GRIFFITHS OF STATE. SUAREZ, WHO SEEMED TO ACT AS CHAIRMAN

FOR VENEZUELAN TEAM, EMPHASIZED THE LONG AND FRIENDLY AVIATION RELATIONS BETWEEN VENEZUELA AND THE US. HE STRESSED THAT THE GOV SIDE VIEWED THE TALKS AS INFORMAL, FRIENDLY EXCHANGES OF INFORMATION.

3. THE VENEZUELANES STATED THEY WERE CONCERNED WITH THREE ISSUES: 1) US DISAPPROVAL OF BAGGAGE TARIFFS WITHOUT USING THE NOTIFICATION PROCEDURES PROVIDED FOR IN THE BILATERAL AGREEMENT; 2) US ALLOWING THIRD COUNTRY CARRIERS, SUCH AS AIR PANAMA, TO PUT INTO EFFECT BETWEEN THE UNITED STATES AND VENEZUELA FARES LOWER THAN THOSE OFFERED BY THE DESIGNATED CARRIERS; AND 3) US FAILURE TO APPROVE CERTAIN IATA AGREEMENTS PROVIDING FOR HIGHER PASSENGER AND CARGO TARIFFS BETWEEN THE TWO COUNTRIES.

4. RE BAGGAGE TARIFFS, CAB ACKNOWLEDGED THAT ITS INITIAL DISAPPROVAL OF EXISTING VIASA EXCESS BAGGAGE TARIFFS WHICH WERE BASED ON WEIGHT SYSTEM WAS CLUMSILY HANDLED AND PROBABLY NOT FULLY IN ACCORDANCE WITH USG BILATERAL OBLIGATIONS. MURPHY LIMITED OFFICIAL USE

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EMPHASIZED THAT USG VIEWS BILATERAL OBLIGATIONS AS BINDING. HE STRESSED THAT USG REGRETTED ANY ACTION IT MAY HAVE TAKEN WHICH WAS NOT IN ACCORDANCE WITH THE BILATERAL. REVIEW OF CURRENT STATUS OF BAGGAGE TARIFFS INDICATES THAT PAN AM AND PROBABLY VIASA CHARGING ON PIECE SYSTEM FOR FLIGHTS SOUTHBOUND FROM US FOR EXCESS BAGGAGE AND ON WEIGHT SYSTEM NORTHBOUND FROM VENEZUELA.

5. CONCERNING PASSENGER TARIFFS, GOV SIDE INDICATED THAT VIASA NEEDED HIGHER FARES TO COVER INCREASING COSTS. CAB STAFF RESPONDED THAT VIASA COULD FILE WHATEVER TARIFFS IT CONSIDERED APPROPRIATE, BUT THAT THE BOARD COULD NOT REQUIRE PAN AM TO FILE IDENTICAL TARIFFS.

FURTHERMORE, THE CAB NOTED THAT ITS APPROVAL OF AIR PANAMA TARIFFS NOT INCONSISTENT WITH USG OBLIGATIONS UNDER BILATERAL. IF GOV WANTS TO DISAPPROVE AIR PANAMA TARIFFS, IT HAS AMPLE AUTHORITY TO PREVENT AIR PANAMA USING THOSE FARES FOR US-VENEZUELA TRAVEL.

6. RELATION OF IATA AGREEMENTS TO BILATERAL AGREEMENTS

ALSO DISCUSSED. CAB INDICATED THAT IATA AGREEMENTS  
ARE SUBJECT TO GOVERNMENT APPROVAL. IF APPROVAL  
RECEIVED, CARRIERS MUST THEN FILE IATA AGREED FARES

AND RATES WITH CAB IN A TARIFF FILING. HOWEVER, IF USG

DISAPPROVES AN IATA AGREEMENT, USG WILL PRESUMABLY THEN  
DISAPPROVE ANY FARE FILED PURSUANT TO THE IATA AGREED  
FARES AND RATES. THIS IS THE TYPE OF SITUATION WHICH  
APPARENTLY HAS OCCURRED AND WHICH HAS CAUSED THE  
PRESENT LEVEL OF GOV CONCERN. LETTER FROM MURPHY,  
WHICH DEPT HAS ONLY JUST RECEIVED A COPY OF, ADDRESSES  
THIS QUESTION, AS WELL AS QUESTION OF THIRD COUNTRY  
AIRLINE FILINGS. DEPT WILL POUCH COPY OF LETTER  
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TO EMBASSY.

7. COMMENT: CAB PRESENTATION DID NOT SEEM TO SATISFY  
THE VENEZUELAN'S CONCERNS AND THEY STATED THAT THEY MAY  
REQUEST FORMAL TALKS TO REVIEW MATTER AND PERHAPS  
DISCUSS POSSIBLE CHANGES IN THE RATE ARTICLE OF THE  
BILATERAL. WHAT REALLY SEEMS TO BE AT ISSUE HERE IS  
FUNDAMENTAL DIFFERENCE OVER ROLE OF GOVERNMENT IN  
SETTING FARES. USG INTERNATIONAL AVIATION POLICY IS

ONE OF ENCOURAGING COMPETITION AND LOW FARES THAT  
REFLECT ECONOMICALLY EFFICIENT OPERATIONS. THIS POLICY  
DOES NOT REQUIRE USG AUTOMATICALLY TO ACCEPT IATA  
AGREEMENTS, NOR DOES IT REQUIRE THE USG TO DEMAND  
ALL AIRLINES CHARGE IDENTICAL FARES FOR THE SAME  
SERVICE. REFTEL INDICATES THAT GOV APPARENTLY  
CONSIDERING CONSULTATIONS WITH USG WITH A VIEW TO  
REVISING BILATERAL. ULTIMATE GOV OBJECTIVE MAY BE TO  
DRAFT PROVISIONS REQUIRING AIRLINES TO FILE IDENTICAL  
FARES. DEPARTMENT STRESSES THAT SECTION VI OF ANNEX  
TO US-VENEZUELA AIR SERVICES AGREEMENT OF 1953  
SIMILAR TO RATE ARTICLES IN OTHER US BILATERALS. USG  
HAS DONE NOTHING RE PASSENGER TARIFFS TO VIOLATE  
THE BILATERAL. REAL CONCERN OF GOV, WE FEEL, IS WITH  
USG FARES POLICY, NOT WITH BILATERAL PROCEDURES FOR  
DEALING WITH PASSENGER TARIFFS. VANCE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NEGOTIATIONS, AVIATION AGREEMENTS, TARIFFS, AIR CARGO RATES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**TAGS:** EAIR, VE, US  
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**Review Markings:**  
Sheryl P. Walter  
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